

(8) Has the company shown a capacity of foresight for the chances and changes incidental to all financial enterprises—and particularly imperative where the nature of the business may be subject to special fluctuations from foreign or internal competition, modifications and diversion of popular fashion and demands, and other possibilities too numerous to enumerate—by creating, maintaining and augmenting a reserve fund in protection of the capital, and in adequate proportion to possible (and it may be exceptional) changes and contingencies which particularly appertain to a specific business or class of commerce, finance or trade ?

(9) Has it been established for an adequate time to enable a valid judgment to be formed of its prospects of continued success ?

(10) Has it passed successfully through the crises common to its scope and area of operations ?

Before proceeding, it is desirable to add a few words upon certain expressions which are necessarily employed throughout this book, throughout all treatises upon finance and business generally, and in all the concerns and arrangements of life. The meaning of many words is simple and limited, and easily competent of grasp, with full apprehension and ready application. With the extension and growing complexity of social and business relations other words require to be introduced to describe them; these words accordingly possess wider meanings, and frequently a set of meanings, bound together by a general sense, though showing slight shades of difference. And, as the affairs of life which need description amplify, the terms expressive of them tend to become more or less indefinite, so that, although a general sense can always be attached to them in their current use, the exact extent and definition of that sense cannot be obtained by reference to a dictionary, but must be interpreted on each occasion by the general knowledge and experience

of persons in the class of cases to which they apply. Hence we had to employ such wide terms as "reasonable," "sufficient," "adequate," "success," and others. It is the same in the commonest affairs. What is "reasonable wear and tear" of a house or furniture which is let? No one can define it with precision; and in any dispute which arises